

PUBLIC SUBMISSION

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Docket: EBSA-2010-0050

Definition of the Term ‘‘Fiduciary’’; Conflict of Interest Rule—Retirement Investment Advice; Notice of proposed rulemaking and withdrawal of previous proposed rule.

Comment On: EBSA-2010-0050-0204

Definition of the Term Fiduciary; Conflict of Interest Rule-Retirement Investment Advice

Document: EBSA-2010-0050-DRAFT-0321

Comment on FR Doc # 2015-08831

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General Comment

Specific Points

1. Support for a Carefully-Crafted, Universal Fiduciary Standard

There should be a uniform fiduciary standard of care applicable to all professionals providing personalized investment advice to retail clients.

A uniform standard of care should consist of the following:

A professional should act in the best interest of the customer without regard to the financial or other interest of the broker, dealer, or investment advisor providing the advice;

A professional should provide advice with skill, care, and diligence based upon information that is known, or should be known, about the customers investment objectives, risk tolerance, financial situation, and other needs; and

A professional should disclose material conflicts of interest, avoid them when possible, and obtain informed customer consent to act when such conflicts cannot be reasonably avoided.

2. Any regulation in this space should make it easier for investors to receive highquality,

individualized investment advice from a trusted advisor, not harder. Investment services for retirement savers with small account balances will likely become cost prohibitive because of increased compliance costs and the likely alterations to the independent broker-dealer fee model.

The changes to what would and would not be considered investment education will likely curtail the effectiveness of investor education outreach with regards to plan participants and IRA owners.

o The inclusion of decumulation in investment education is commendable, but the prohibition on stating specific investments in educational pieces will lead to investors having less knowledge regarding investment options.

Robo-advisors and other emerging technology platforms can provide asset allocation, portfolio rebalancing, or risk tolerance advice at a modest price point, but they cannot provide the life events/financial planning services that bring employers and participants into the retirement savings system and keep them in the system during fluctuations in the market. This is especially true for investors nearing or already in retirement that need professional financial advisors to assist them with decisions related to estate and tax planning, making their retirement assets last, medical concerns, major life changes, hospice care, etc.

3. Improved disclosures would address many of DOL's concerns that have led to the proposal

Investors can make better choices when they are properly informed of the differences between the advice and services being offered. In order to provide investors with the information that they need, investors should receive concise, consolidated disclosure documents written in plain English.

The following two-tiered disclosure approach would be beneficial to investors:

o A short-form document focused on the issues that are of greatest importance to investors that would be provided in electronic format at the point of engagement. The document would include:

The standard of care owed by the broker-dealer to each client;

The nature and scope of the business relationship between the parties, the services to be provided, and the duration of the engagement;

A general description of any material conflicts of interest that may exist between the broker-dealer and the investor;

An explanation of the investors obligation to provide the broker-dealer with information regarding the investors age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information the customer may

disclose;

An explanation of the investors obligation to inform the broker-dealer of any changes in the above information;

A phone number and/or email address the investor can use to contact the broker-dealer regarding any concerns about the advice or service they have received; and

A description of the means by which a customer can obtain more detailed information regarding these issues free of charge.

o Expanded disclosure that would provide investors with access to full details via the broker-dealers website or brochures to be provided free of cost. Utilizing hyperlinks and other internet functionality, investors would be able to access the following information in areas where they desire additional detail:

A detailed schedule of typical fees and service charges;

The specific details of all arrangement in which the firm receives an economic benefit for providing a particular product, investment strategy, or service to a customer; and

Other information necessary to disclose material conflicts of interest.

4. The proposal would unnecessarily restructure the securities, insurance, and banking industries

Our industry is highly and effectively regulated by the SEC, FINRA, and state regulators.

5. The costs related to the proposals implementation are severely understated.